Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at http://about.jstor.org/participate-jstor/individuals/early-journal-content.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

"the only intention required is an intention to do the prohibited act." A corporation is chargeable with an offense involving "this kind of intention, and may be properly convicted when, in its corporate capacity, and by direction of those controlling its corporate action, it does the prohibited act," the intention of the directors being imputed to the corporation itself. *United States* v. *Kelso,* 86 Fed. 304. When, and under what circumstances may intent and knowledge be imputed to a corporation, and the intent and knowledge of what persons may be so imputed? Generally speaking, the test is one of agency, and the principal will be held to constructive notice of facts acquired by an agent while transacting his principal's business. 2 THOMPSON, CORP., Ed. 2, § 1645. Thus, a corporation will be held to know what its president and other chief officers know. *Factors' &c. Ins. Co.* v. *Marine Dry Dock &c. Co.,* 31 La. Ann. 149. Notice to the president, of matters under his cognizance and control as its general agent, is notice to the corporation. *Smith* v. *Board of Water Commissioners,* 38 Conn. 208. Upon the same principle, notice to the cashier of an incorporated bank, he being its chief executive officer, is substantially notice to the bank. *Branch Bank* v. *Steele,* 10 Ala. 915. On the other hand it has been held that knowledge of special agents, subordinate officers, and the like, may be imputed to the corporation in so far, and only in so far, as such knowledge concerns the distinct and separate duties of such officers or agents. *Pittsburgh &c. R. Co.* v. *Ruby,* 38 Ind. 249, 10 Am. Rep. 111, *Goodloe* v. *Godley,* 13 Smedes & M. (Miss.) 233, 51 Am. Dec. 159. So also, notice to a mere stockholder is not to be considered constructive notice to the corporation. *Housatonic and Lee Banks* v. *Martin,* 1 Metc. 294. An important principle would seem to be that a corporation will be charged with knowledge of matters affecting it, when one of its officers has knowledge of facts which would put a prudent person upon inquiry as to those matters, (*Hager* v. *National German-Am. Bank,* 105 Ga. 116, 31, S. E. 141); and that there will be imputed to the corporation, at least in cases where rights of third parties are affected, knowledge of facts which the directors, in the exercise of ordinary diligence, ought to know. *Martin* v. *Webb,* 110 U. S. 7, 28 L. ed. 49, 3 Sup. Ct. 428. The rules of notice seem to support the Arizona court in that the question as to whether a corporation had notice of a particular matter is purely one of fact for the jury. 2 THOMPSON, CORP. Ed. 2, § 1681, 1682.

CORPORATIONS—DIVIDENDS—COMPULSORY DECLARATION.—The directors of the Prudential Insurance Company of America passed a resolution enacting that a large surplus fund should be assigned and apportioned between the deferred dividend policy holders and the stock holders, ninety per cent. to the policy holders and ten per cent. to the stock holders. It was further resolved that the surplus assigned and apportioned to the stock holders should not be declared as a dividend but should be added to the "contingency surplus" of the company, this surplus being designed "to meet liabilities which might arise from earthquakes, pestilence and other unforeseen and fortuitous circumstances." The stock holders filed a bill to compel the company to declare such a dividend out of the said surplus fund as would be sanctioned by a judicial inquiry into the affairs and assets of the corporation. *Held*:

That equity will compel a corporation to declare dividends where there is a sufficient surplus above the necessities of the corporate business and when such distribution of profits has been unnecessarily and unreasonably withheld. *Blanchard* v. *Prudential Ins. Co. of America* (1911), — N. J. Eq. —, 79 Atl. 533.

This is an exceedingly close decision, and on one hypothesis alone can it be reconciled with the law on this subject established by American decisions. The declaration of corporate dividends, according to the great weight of authority, is within the sound discretion of the directors of the corporation, and a court of equity will not interfere, unless it appears that the directors are abusing their discretion and arbitrarily or fraudulently refusing to declare dividends. 10 Cyc. 548 and cases there cited; 5 Thompson Corp., Ed. 2, § 5294. Directors may, it is true, be compelled to declare a dividend where the profits are ample, and where they refuse to declare a dividend, acting in good faith, but without reasonable cause. *Hiscock* v. *Lacy,* 9 Misc. (N. Y.) 578, 30 N. Y. Supp. 860; 5 Thompson Corp., Ed. 2, § 5295. The power of directors in this regard, however, is absolute and not subject to judicial revision where it appears that they are withholding a dividend in the exercise of honest judgment and for *reasonable cause. Stevens* v. *U. S. Steel Corp.* 68 N. J. Eq. 373, 59 Atl. 905; *Park* v. *Grant Locomotive Works,* 40 N. J. Eq. 114, 3 Atl. 162; *Zellerbach* v. *Allenberg,* 99 Cal. 57, 33 Pac. 786; *Pratt* v. *Pratt,* 33 Conn. 446; *Robertson* v. *Bucklen,* 107 Ill. App. 369; *Marouse* v. *Gillett Mfg. Co.,* 52 La. Ann., 1383, 27 South. 846; *People ex rel. United Verde Copper Co.* v. *Roberts,* 156 N. Y. 585, 51 N. E. 293; *Bond* v. *Barrow Haematite Steel Co.,* 71 L. J. Ch. 246. Thus the directors of a corporation, *for reasonable cause,* may reserve a large surplus to improve and extend the corporate business or to meet contingent liabilities. *Park* v. *Grant Locomotive Works,* supra. The court in the principal case, however, considered that the so-called "contingency surplus" of the defendant corporation was accumulated for no reasonable cause. In the words of the court, said contingency fund "provided for the remotest contingent liability that the most lively imagination can conceive of." On the hypothesis that the contingency contemplated by the directors was absolutely groundless and unreasonable, the opinion of the court can be understood; but it must be apparent that only a very strong case will justify judicial interference with the discretion of directors in refusing to declare dividends on corporate stock.

Corporations—Stockholder's Right to Examine Books—Motive.—Mandamus by the People, on the relation of Abraham Lehman, a stockholder in defendant corporation, to compel defendant to permit the relator to examine its books, papers, documents, and records, and to take extracts therefrom. Defendant submitted affidavits charging that the motive of the relator was to obtain information to furnish to the president of a competing company, as to the defendant's contracts, prices and methods of doing business. From an order directing the issuance of a peremptory writ of mandamus, defendant appealed to the Appellate Division, which *Held,* that an examination of corporate books by a stockholder will not be permitted for an ulterior pur-